

FISCAL NOTE

SB 2438 - HB 3125

February 12, 2004

SUMMARY OF BILL: Provides a sales and use tax exemption for alternative fuel vehicles, which would include those powered by methanol, denatured ethanol, other alcohols, mixtures of 85% or more ethanol, denatured ethanol, other alcohols with gasoline or other fuels, natural gas, liquefied petroleum gas, hydrogen, coal derived liquid fuels, fuels other than alcohol that are derived from biological materials, and electricity.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$21,500,000

Decrease Local Govt. Revenues - \$460,800

Estimate assumes:

- According to U.S. Department of Energy statistics, Tennessee has approximately 10,500 private sector vehicle sales annually that would be subject to this exemption.
- Sales are estimated to rise 15% due to implementation of this exemption.
- An average price of \$25,000 per vehicle.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, appearing to read "James W. White".

James W. White, Executive Director